

Message Text

PAGE 01 STATE 010723

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O 161837Z JAN 75
FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA IMMEDIATE

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E.O. 11652: N/A
TAGS: CA, ETRN
SUBJECT: GREAT LAKES PILOTAGE

FOR AMBASSADOR FROM DEPUTY SECRETARY OF TRANSPORTATION
BARNUM

1. SUBSEQUENT TO OUR MEETING OF JANUARY 3, AND MY UNSUCCESSFUL MEETING WITH MOT, I HAVE BEEN CONSIDERING YOUR KIND OFFER TO BRING THE PILOTAGE PROBLEM TO THE ATTENTION OF THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS. I AM ADVISED THAT YOU MAY HAVE AN APPOINTMENT WITH HIM AS EARLY AS JANUARY 16.

2. I EXPECT TO TELEPHONE MOT SHORTLY TO TAKE A LATE READING OF THEIR ATTITUDE. DEPENDING ON HOW THE CALL EVOLVES, I MAY ACCEPT YOUR OFFER, AND I WILL BE IN TOUCH WITH YOU BY TELEPHONE PRIOR TO YOUR APPOINTMENT.

3. IF WE AGREE THAT DELIVERY OF A NOTE OR AIDE MEMOIRE IS APPROPRIATE, THE FOLLOWING TEXT WHICH HAS STATE DEPT CONCURRENCE CAN BE USED:
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PAGE 02 STATE 010723

BEGIN TEXT THE EMBASSY OF THE UNITED STATES OF AMERICA HAS THE HONOR TO REFER TO RECENT DISCUSSIONS BETWEEN OFFICIALS OF THE UNITED STATES DEPARTMENT OF TRANSPORTATION AND THE CANADIAN MINISTRY OF TRANSPORT CONCERNING

FUTURE ARRANGEMENTS FOR THE PILOTAGE OF OCEAN VESSELS IN THE GREAT LAKES.

IT WILL BE RECALLED THAT, WITHIN THE FRAMEWORK OF THE RELEVANT NATIONAL LEGISLATION, THE BILATERAL ASPECTS OF GREAT LAKES PILOTAGE HAVE BEEN REGULATED BY A MEMORANDUM OF ARRANGEMENTS SIGNED BY THE SECRETARY OF TRANSPORTATION OF THE UNITED STATES ON JUNE 23, 1970, AND BY THE MINISTER OF TRANSPORT OF CANADA ON JUNE 24, 1970, AND SUBSEQUENTLY AMENDED. THAT MEMORANDUM PROVIDED FOR THE ESTABLISHMENT AND OPERATION OF A COORDINATED PILOTAGE SERVICE BY UNITED STATES AND CANADIAN REGISTERED PILOTS UNDER THE ADMINISTRATION AND CONTROL OF THE SECRETARY AND THE MINISTER, RESPECTIVELY.

IN THE VIEW OF THE UNITED STATES AUTHORITIES, A COORDINATED SYSTEM CONTINUES TO BE IN PRINCIPLE THE MOST DESIRABLE METHOD OF ASSURING OVER THE LONG TERM THAT PILOTAGE ARRANGEMENTS PROMOTE THE SAFE, EFFICIENT, AND ECONOMICAL MOVEMENT OF VESSELS IN WATERS OF JOINT INTEREST TO THE TWO COUNTRIES AND IN THE FOREIGN TRADE OF EACH OF THEM. THE CANADIAN AUTHORITIES ARE UNDERSTOOD TO SHARE THIS VIEW. NONETHELESS, EXPERIENCE WITH PILOTAGE OPERATIONS UNDER THE MEMORANDUM HAS LED EACH PARTY TO THE CONCLUSION THAT CERTAIN FEATURES OF THE SYSTEM HAVE PROVEN TO BE UNWORKABLE. THESE ASPECTS HAVE BEEN REVIEWED IN A SERIES OF MEETINGS AT VARIOUS LEVELS OVER THE PAST YEAR. WHILE THESE MEETINGS HAVE SERVED TO CLARIFY THE PROBLEMS, AND HAVE PRODUCED UNDERSTANDING ON CERTAIN MATTERS OF MECHANICS, THEY HAVE LEFT UNRESOLVED THE MATTER OF THE RELATIVE SHARES OF WORK (AND THUS OF REVENUE) WHICH SHOULD PROPERLY FALL TO UNITED STATES AND CANADIAN PILOTS.

THIS ISSUE OF PARTICIPATION APPEARS TO BE CENTRAL TO ESTABLISHING A VIABLE SYSTEM OF COORDINATED PILOTAGE.
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PAGE 03 STATE 010723

THE ARRANGEMENTS WHICH HAVE EVOLVED ARE QUITE UNSATISFACTORY, GIVING INADEQUATE RECOGNITION TO THE FACT THAT THE BULK OF THE VESSEL TRAFFIC CONCERNED ENTERS THE GREAT LAKES AT UNITED STATES PORTS. IMPRECISION IN THE RULES HAS CONTRIBUTED TO MISTRUST AND INSTABILITY IN THE PILOTAGE FORCE, AND HAS INVITED VARIOUS IRREGULARITIES, ADMITTEDLY ON BOTH SIDES, IN THE OPERATION OF THE SYSTEM. QUITE APART FROM A GENERAL REDUCTION IN TRAFFIC DURING THE 1974 SEASON, IMBALANCE IN THE RULES HAS BROUGHT ONE GROUP OF UNITED STATES PILOTS CLOSE TO FINANCIAL INSOLVENCY. FINALLY, THE CURRENT ARRANGEMENTS SUBJECT THE TWO GOVERNMENTS TO THE NECESSITY OF REPEATED NEGOTIATION AND BARGAINING OVER THE DETAILS OF PERCENTAGE

SHARES AND PARTICULAR PILOTAGE ASSIGNMENTS. SUCH DETAILS SHOULD NOT REQUIRE REPETITIOUS NEGOTIATION, BUT SHOULD DERIVE AUTOMATICALLY FROM THE OPERATION OF AGREED PRINCIPLES.

TO CORRECT THIS SITUATION, THE UNITED STATES AUTHORITIES HAVE SOUGHT TO ESTABLISH WITH CANADIAN OFFICIALS TWO BASIC PREMISES FOR A FORMULA FOR THE DIVISION OF PILOTAGE SHARES. FIRST, THE FORMULA SHOULD BE STRUCTURED SO AS TO BE SELF-EXECUTING, GIVING CLEAR DIRECTION AS TO THE ALLOCATION OF PILOTAGE ASSIGNMENTS. SUCH A FORMULA WOULD BE EXPECTED TO APPLY DURING THE FORESEEABLE FUTURE, WITH CHANGES IN TRAFFIC PATTERNS RESULTING NOT IN FURTHER GOVERNMENTAL NEGOTIATIONS TO ADJUST ASSIGNMENTS ON AN AD HOC BASIS, BUT SIMPLY IN ABSORPTION OF THE IMPACT BY THE PILOTAGE FORCES. SECONDLY, THE FORMULA SHOULD TAKE ACCOUNT OF THE FACT THAT THE PREPONDERANCE OF THE TRAFFIC SERVED BY THE PILOTS IS IN THE GREAT LAKES TO TRADE AT UNITED STATES PORTS. THE PROPORTION OF THIS COMMERCE WHICH IS GENERATED BY UNITED STATES PORTS HAS BEEN VARIOUSLY COMPUTED IN THE RANGE OF 75 TO 80 PERCENT. THE UNITED STATES AUTHORITIES HAVE NOT PRESSED FOR SO HIGH A PORTION OF THE AVAILABLE PILOTAGE, RECOGNIZING THAT WATERWAY RESOURCES ARE INVOLVED IN WHICH THE UNITED STATES AND CANADA SHARE A JOINT AND EQUAL INTEREST. IT REMAINS THE CASE, HOWEVER, THAT THE GENERATION OF THE TRADE ITSELF IS PRELIMINARY OFFICIAL USE
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PAGE 04 STATE 010723

EMINENTLY ATTRIBUTABLE TO UNITED STATES COMMERCE, AND THIS FEATURE MUST WEIGH IN THE DETERMINATION OF PILOTAGE SHARES.

THE UNITED STATES AUTHORITIES HAVE INCORPORATED THESE PREMISES IN A VARIETY OF PROPOSALS TO THE CANADIAN SIDE. IN THE MOST RECENT OF THESE PROPOSALS, THE UNITED STATES AUTHORITIES ACCEPTED THE CANADIAN SUGGESTION THAT FOR THE 1975 SEASON PILOTAGE DISTRICTS NO. 1 AND NO. 3 SHOULD BE LEFT UNCHANGED, AND THAT ATTENTION BE CONFINED TO PILOTAGE DISTRICT NO. 2, LYING BETWEEN PORT WELLER AND PORT HURON. FURTHERMORE, THEY EXPRESSED WILLINGNESS TO EMBRACE THE PRINCIPLE OF EQUAL SHARING OF PILOTAGE IN CERTAIN DEFINED CONDUITS, A CONCEPT ORIGINALLY ADVANCED BY THE CANADIAN SIDE FOR APPLICATION TO WATERS WEST OF THE WELLAND CANAL. THE UNITED STATES, HOWEVER, BELIEVES THE CONDUIT PRINCIPLE IS EQUALLY APPLICABLE TO THE WELLAND CANAL, AND CONSIDERS THIS VIEW TO BE CONFIRMED BY THE FACT THAT, UNTIL THEIR VOLUNTARY WITHDRAWAL FROM THE CANAL SEVERAL YEARS AGO, UNITED STATES PILOTS PARTICIPATED IN THAT TRAFFIC. GIVEN THE RECENT STOPPAGE OF

UNITED STATES FOREIGN TRADE BY CANADIAN PILOTS IN THE WELLAND, THE UNITED STATES AUTHORITIES CONSIDER IT HIGHLY

IMPORTANT THAT THE PRIVILEGE OF WORKING THERE BE RESTORED TO UNITED STATES PILOTS, SO THAT COMMERCE AT UNITED STATES GREAT LAKES PORTS WILL NOT BE SUBJECT TO JOB ACTION BY CANADIAN PILOTS.

ACCORDINGLY, THE UNITED STATES AUTHORITIES HAVE PROPOSED THAT:

-- (1) TO ADVANCE THE CONDUIT-SHARING PRINCIPLE, CANADIAN PILOTS WOULD BE ASSIGNED 20 PERCENT OF THE THROUGH TRIPS IN THE CONDUIT BETWEEN PORT COLBORNE AND THE PORT HURON LIGHT VESSEL. THIS WOULD MEET THE CANADIAN INTEREST IN PRESENCE IN THE ST. CLAIR REGION OF THE CONDUIT NORTH OF DETROIT.

-- (2) IN CONSIDERATION OF THE FOREGOING, RESUMED LIMITED OFFICIAL USE
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PAGE 05 STATE 010723

ACCESS TO THE WELLAND CANAL FOR UNITED STATES PILOTS WOULD BE ASSURED BY THE 1977 SEASON. THE CANADIAN SHARE IN THE COLBORNE-HURON CONDUIT COULD BE ADJUSTED APPROPRIATELY FOLLOWING RESTORED UNITED STATES PARTICIPATION IN THE WELLAND CANAL.

-- (3) TO APPLY THE TRADE GENERATION PRINCIPLE, ALL OTHER ASSIGNMENTS IN THE DISTRICT SHOULD BE BASED UPON PORT OF DESTINATION OR ORIGIN (I.E., TRAFFIC BOUND TO OR FROM UNITED STATES PORTS WOULD BE HANDLED BY UNITED STATES PILOTS, AND TRAFFIC BOUND TO OR FROM CANADIAN PORTS WOULD BE HANDLED BY CANADIAN PILOTS).

SUCH AN ARRANGEMENT WOULD BE SELF-EXECUTING IN THE SENSE DESCRIBED ABOVE. AS TRAFFIC PATTERNS MIGHT CHANGE OVER THE LONG TERM, THE PILOTS OF THE NATION GENERATING THE NEW TRAFFIC WOULD BE ITS BENEFICIARIES. ON PRESENT TRAFFIC PATTERNS, THIS PROPOSAL WOULD PROVIDE CANADIAN PILOTS WITH APPROXIMATELY 44 PERCENT OF THE PILOTAGE REVENUE IN THE SYSTEM AS A WHOLE.

THIS PROPOSAL, CONSIDERED FAIR BY UNITED STATES OFFICIALS, HAS LIKE PREVIOUS PROPOSALS BEEN REJECTED BY CANADIAN OFFICIALS. THE CANADIAN COUNTERPROPOSAL, THAT THROUGH TRIPS SHOULD BE SHARED EQUALLY IN THE CONDUIT WEST OF PORT COLBORNE, AND WITHOUT COMMITMENT TO PARTICIPATION OF UNITED STATES PILOTS IN THE WELLAND

CANAL, IS ONE WHICH THE UNITED STATES AUTHORITIES COULD NOT RESPONSIBLY ACCEPT.

THE PROLONGED IMPASSE IN RESOLVING THE PROBLEMS OF GREAT LAKES PILOTAGE AT OFFICIAL LEVEL IS A MATTER OF SERIOUS CONCERN TO THE UNITED STATES GOVERNMENT. A HEALTHY FOREIGN TRADE IN THE GREAT LAKES IS OF IMPORTANCE TO BOTH THE UNITED STATES AND CANADA. THIS TRADE DEPENDS UPON SHIPPING SERVICES WHICH ARE NOW BEING SCHEDULED FOR THE COMING SEASON. IF IT APPEARS THAT THE TWO GOVERNMENTS CANNOT REACH UNDERSTANDING ON HOW PILOTAGE IS TO BE PROVIDED, CARRIERS WILL BE DISCOURAGED FROM LIMITED OFFICIAL USE
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PAGE 06 STATE 010723

SCHEDULING SERVICES INTO THE GREAT LAKES. TO THE EXTENT THIS HAPPENS, OF COURSE, PILOTAGE REVENUE IS LOST TO BOTH SIDES AND GAINFUL ACTIVITY FOR THE GREAT LAKES PORTS IS LOST AS WELL.

THE EMBASSY WOULD GREATLY APPRECIATE HAVING THE VIEWS OF THE DEPARTMENT OF EXTERNAL AFFAIRS AS TO HOW THIS IMPASSE MIGHT BE RESOLVED. END TEXT. KISSINGER

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